

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: March 16, 2006
RE: Utility Articles for Next Conference

The following Final Articles A, D and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after March 22, 2006.

“A” Final

The following new miscellaneous items will be eligible for final consideration at the next Commission Conference and based upon a review of them by staff members of the Commission, I recommend approval.

1. Anderson Municipal Light & Power

Anderson Municipal Light & Power proposes to increase the amount of its Bad Check Charge. The changes are necessitated by the increased cost of providing the applicable service. Cost support for the charge has been provided. The Bad Check Charge will increase from \$25 to \$30.

The tariff sheet affected by this filing is:

“Schedule of Non-Recurring Charges”

2. PSI Energy

The Utility [has filed](#) for approval of [a change in its](#) Standard Contract Rider No. 63, Emission Allowance Adjustment, in accordance with Commission Order in Cause No. 42359, dated May 18, 2004. This Order reaffirmed PSI's authorization to recover SO₂ and NO_x emission allowance costs via the Standard Contract Rider No. 63.

The proposed emission allowance charge factor is [\\$0.002898](#) per kilowatt-hour and is applicable to all retail electric rate schedules. The proposed factor will be effective upon Commission approval. This factor includes the emission allowance cost variance of [\\$9,883,506](#) from [September 2005](#) through [October 2005](#).

The tariff sheet affected by this filing is:

Sheet No. 63.

3. Salem Municipal Water Utility

The utility is proposing to increase the tap charge for all new customers. The proposed charge for a 5/8-3/4 inch connection, short side tap, is \$700.00, up from the current charge of \$350.00. For a 5/8-3/4 inch connection long side tap, the proposed charge is \$700.00, up from the current charge of \$350.00, plus \$16.00 per foot for a road bore, not to exceed \$1,180.00. If the tap requires a road cut the charge will be \$700.00 plus \$45.00 per foot, not to exceed \$2,050.00. The Utility proposes to add a Non-Sufficient Funds (bad check) charge of \$20.00. The Utility proposes to add a Disconnect / Reconnect charge of \$40.00. The Utility proposes to add a minimum charge for a 6" meter to its tariff. The minimum charge will be \$301.60. Cost support has been provided.

	Current Charge	Proposed Charge
5/8-3/4" meter (short side)	\$350.00	\$700.00
5/8-3/4" meter (long side) with road bore	\$350.00	\$700.00 plus \$16.00 per foot not to exceed \$1,180.00
5/8-3/4" meter (long side) with road cut	\$350.00	\$700.00 plus \$45.00 per foot not to exceed \$2,050.00
Non-Sufficient Funds (Bad check)	N/A	\$20.00
Disconnect / Reconnect	N/A	\$40.00
6 inch meter minimum charge	N/A	\$301.60

The tariff pages affected by this filing are pages 1 and 2 of 2.

“D” Final

A revision to the purchased power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 34614 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Rate Schedule</u>	<u>Change \$/kWh</u>	<u>Resultant \$/kWh</u>
1.	Kingsford Heights	All	0.000867	0.018017

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____ , Disapprove Items

No.

I, _____ , Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Acting Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Anderson Municipal Water Utility

The Utility is proposing to increase the connection (tap-on) charge for a $\frac{3}{4}$ inch meter from \$266.63 to \$820.00. All connections over a $\frac{3}{4}$ inch tap will be billed at cost, no less than \$820.00. The Utility also proposes to increase the Bad Check Charge from \$10.00 to \$30.00 and increase Service Call charges from \$20.00 during normal hours and \$75.00 for overtime hours to \$35.00 and \$155.00 respectively, as well as, increase Reconnect for Non-Payment charges during regular hours from \$20.00 to \$35.00 and during overtime hours from \$50.00 to \$155.00. The utility would also like to remove some items currently listed on its tariff. “Reconnect Trip for No-Show” is currently listed at \$10.00. This is no longer assessed because this is treated as a reconnect charge whether or not customer is present. The Utility would like to eliminate the “Meter Test” charge for they no longer desire to charge this fee. In the “Service Call” section, it is proposed to eliminate the “Normal Hours – Customer Shut-off Installed” charge because there is currently no charge for this and the utility does not plan to charge for shut-offs. The utility would also like to delete the “No Customer Shut-off Installed” description so this charge reflects a broader nature of the service call performed. The “Credit Agreement Fee” and “Meter Reading Charge” are being proposed to be removed because they are no longer charged. The “Deposits” section is proposed to be removed from the tariff and moved to “Terms and Conditions” at a later time. And last, in the “Water Taps” section the Utility proposes to remove “Unimproved Street” for this section is no longer applicable. Cost support has been provided.

Description	Current Charges	Proposed Charges
Bad Check Charge	\$10.00	\$30.00
Reconnect for Non-Payment (Regular Hours)	\$20.00	\$35.00
Reconnect for Non-Payment (Overtime Hours)	\$50.00	\$155.00
Service Call Charge (Normal Hours)	\$20.00	\$35.00
Service Call Charge (Overtime Hours)	\$50.00	\$155.00
Tap Charge $\frac{3}{4}$ inch meter	\$266.63	\$820.00
Tap Charge over $\frac{3}{4}$ inch meter	Billed at Cost	Billed at cost, not less than \$820.00

The tariff pages affected by this filing are pages 3 and 4 of 4.

2. Boonville Municipal Water Utility

The Utility is requesting the Commission's approval to charge the cost of furnishing Public Fire Protection Service directly to the ratepayers in accordance to IC 8-1-2-103(d). Currently, the Utility is billing the municipality \$614.06 per hydrant, annually. IC 8-1-2-103(d) states in part that:

"If the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality. The change in the recovery of current revenue authorized by the ordinance shall be reflected in a new schedule of rates to be filed with commission at least thirty (30) days before the time the new schedule of rates is to take effect. The new schedule of rates shall:

- (1) eliminate fire protection charges billed directly to governmental units, other than charges for the construction cost for new hydrants installed on and after the date specified in the ordinance; and
- (2) increase the rates charged each customer of the utility, based on equivalent meter size, by an amount equal to:
 - A. the revenues lost from the elimination of such fire protection charges; divided by
 - B. the current number of equivalent five-eighths (5/8) inch meters.

This change in the recovery of public fire protection costs shall not be considered to be a general increase in basic rates and charges of the utility and is not subject to the notice and hearing requirements applicable to general rate proceedings. The commission shall approve the new schedule of rates that are to effective on a date specified in the ordinance."

The City of Boonville adopted Ordinance No. 2006-2 to authorize this change under IC 8-1.5-4-14 to comply with the above statutory requirement. The equivalent meter ratios, which the Utility used to calculate the proposed rates, were based on the cross sectional area of the various connections size:

<u>Meter Size</u>	<u>Proposed monthly fee</u>
5/8"	\$2.79
3/4"	4.19
1"	7.04
1 1/2"	13.97
2"	22.35
3"	41.91
4"	69.85

The amount of annual fire protection revenue to be transferred from hydrant rentals to surcharges is \$99,478.

The tariff pages affected by this filing are pages 1 and 2 of 3.

3. Indianapolis Department of Waterworks

The utility, having recently sold the Liberty Water System (the “System”) in Hendricks County to the Town of Plainfield, is proposing to cancel the tariffs associated with the System. The utility has supplied a copy of the asset purchase agreement between the Indianapolis Department of Waterworks and the town of Plainfield in support of its request.

The tariff pages affected by this filing are pages 1, 2, and 3 of the Liberty Water System section of the utility’s tariff.

4. PSI Energy, Inc.

The utility has submitted for Commission review and approval under the Commission’s thirty-day filing procedure modifications to a Contract for the Purchase of Energy from a Qualifying Facility between PSI Energy, Inc. (“PSI”) and Wabash Valley Power Association (“WVPA”).

PSI is obligated to purchase the energy output of the Twin Bridges facility, located in Danville, Indiana, from WVPA at the purchase power rates under the terms and conditions outlined in the contract. The contract was initially between PSI and Waste Management of Indiana, Inc. (“WMI”) and was approved by the Commission on October 26, 1994. WVPA purchased the Twin Bridges facility from WMI on April 1, 2005 and the contract was assigned to WVPA.

Pursuant to Sections 8e and 8f of the contract, PSI has chosen to use PSI’s “Standard Contract Rider No. 50 – Parallel Operation For Qualifying Facility” for the avoided cost rate of the contract (Exhibit D). In accordance with Section 8e, any change of the contract’s avoided cost rate is subject to approval by the Commission. Exhibit D will be filed as part of the annual “Standard Contract Rider No. 50 – Parallel Operation for a Qualifying Facility” filing.

The utility is proposing the removal of Exhibit E, “Estimated Avoided Cost Rates”, of the contract. As PSI has changed the methodology used to derive the avoided costs contained in Exhibits D and E, Exhibit E is no longer applicable.

The removal of Exhibit E, “Estimated Avoided Cost Rates”, and the use of Exhibit D, “Standard Contract Rider No. 50 – Parallel Operation For Qualifying Facility” is submitted for Commission approval.

5. PSI Energy, Inc.

The utility seeks Commission approval to change the title page of its tariff to show the assumed business names that will be used in the future due to the impending merger of Cinergy Corp. and Duke Energy Corporation. The assumed business names are: Duke Energy and Duke Energy Indiana, Inc.

This requested tariff change is contingent upon the consummation of the merger, which is planned for April 1, 2006, assuming all regulatory and shareholder approvals are received by that date.

Use of the new names will not have any effect upon the ongoing operations or the current customers of PSI. PSI customers will be notified of the use of the new names through bill messages, bill inserts, and messages on the bill envelopes.

A copy of a bill insert that will be sent to customers in March was submitted. Additionally, the following message will go out to customers in March:

Upon approval of the Duke Energy / Cinergy merger, www.cinergy.com will become www.duke-energy.com.

The following messages will appear on customers' bill envelopes in April:

We're changing our name. Cinergy/PSI is becoming Duke Energy. Learn more at www.duke-energy.com

Your next energy bill will have a new name. Cinergy/PSI is becoming Duke Energy. Learn more at www.duke-energy.com

There will also be an additional bill insert in April informing customers of the use of the new names.

PSI filed a Certificate of Assumed Business Name application with the Indiana Secretary of State on March 3, 2006. PSI has received a Certificate of Assumed Business Name certified and issued by the Indiana Secretary of State. PSI has also filed a copy of the certificate of assumed business name with the county recorder offices of each county in which PSI conducts business.

Supporting documentation has been supplied.

The tariff sheet affected by this filing is: Title Page.

6. Southern Indiana Gas and Electric Company (Electric)

The utility seeks Commission approval of new Rider CAAA factors to be effective during 2006.

The Commission approved the utility's environmental compliance plan by its order issued October 14, 1992, in Cause No. 39347 and adopted the Stipulation and Agreement of the parties to that Cause. The Stipulation and Agreement required the utility to file a tariff rider to its electric tariff for the pass through to the utility's ratepayers of proceeds received by the utility from the sale of "Extra Extension Allowances" received from the U.S. Environmental Protection Agency ("EPA"). Credit factors were to be calculated annually and applied during the calendar years

1995, 1996, 1997, 1998 and 1999 to accomplish the pass through. The pass through of proceeds received from the sale of the Extra Extension Allowances was completed in 1999.

In the order issued in Cause No. 39347, there was also provision to pass through the proceeds from sales of allowances other than Extra Extension Allowances by way of an adjustment (Credit) mechanism which would be filed pursuant to the Commission's thirty day procedure. This mechanism would require quarterly filings and was designed to refund proceeds from the sale of over compliance allowances.

The Company in its April, 1997 filing, proposed and the Commission approved that the Rider CAAA filing be revised to provide for the pass through of the proceeds from the off-system sale of emission allowances and the EPA auction of allowances on an annual basis. The revisions were approved by the other parties to the CAAA proceedings, which were the Office of the Utility Consumer Counselor, Citizens Action Coalition of Indiana and United Mine Workers. Therefore, the proceeds from the off-system sale of allowances and the EPA auction of allowances are included in this filing.

Although Rider CAAA factors are normally credits, they are based on estimated receipts from the sales of allowances, as well as estimated electricity sales. These estimates are reconciled with actual numbers for the previous year. This year's filing has resulted in credit factors for all rate classes.

The Rider CAAA Factors for 2006 are as follows:

Rate A	\$(0.001668) per Kwh
Rate EH	\$(0.000921) per Kwh
Rate B	\$(0.001524) per Kwh
Rate GS	\$(0.000926) per Kwh
Rate OSS	\$(0.001126) per Kwh
Rate LP	\$(0.000676) per Kwh
Rate HLF	\$(0.000611) per Kwh

The tariff sheet affected by this filing is: 15 B.

7. Tri-Township Water Corporation

The Utility is proposing to increase its tap fee. The proposed tap fee of \$1,100 for a standard 5/8 X 3/4 inch connection is an increase from the current charge of \$960. The proposed change is necessitated by the additional cost of material, labor, and equipment associated with customer taps as supported by the cost information.

The tariff sheet affected by this filing is:

Page 1 of the Schedule of Water Rates and Charges.

Jerry L. Webb
Director of Gas/Water/Sewer Division